

**SURVEY OF HOUSING  
PURCHASE CERTIFICATE  
PROGRAM SELLERS  
PARTICIPATING IN THE USAID  
MONEY MANAGEMENT  
COURSE**

Prepared for



Armenia Earthquake Zone Recovery Program  
United States Agency for International Development  
Contract No. 111-C-00-01-00059-00

Prepared by

Lucig H. Danielian, Ph.D.  
Turpanjian Center for Policy Analysis  
American University of Armenia  
With  
Narine Hakobyan, M.A.  
Research Associate  
Turpanjian Center for Policy Analysis



**THE URBAN INSTITUTE**

2100 M Street, NW  
Washington, DC 20037  
(202) 833-7200  
[www.urban.org](http://www.urban.org)

June 2004  
UI Project 07230-003

## TABLE OF CONTENTS

EXECUTIVE SUMMARY .....	I
BACKGROUND .....	1
FINDINGS .....	1
The Re-Circulation of HPC Funding Into the Gyumri Economy .....	2
Money Management Course .....	3
TABLES .....	4
APPENDICES	
Appendix A: Most Useful Aspect of the Money Management Course .....	9
Appendix B: How the Money Management Course was Influential .....	10

## EXECUTIVE SUMMARY

Sponsored by the United States Agency for International Development (USAID), the Urban Institute (UI) is providing technical assistance to the Government of the Republic of Armenia and to donors in order to implement the Earthquake Zone Recovery Program (EQZRP). One of the many important objectives of the EQZRP is to stimulate and mobilize capital acquired by apartment sellers who participated in the Housing Purchase Certificate (HPC) Program, which uses vouchers as a cost-effective means to shelter populations displaced by the 1988 earthquake.

The primary purpose of this survey is to determine how HPC funds resulting from sales of apartments are being re-circulated into the Gyumri economy. A secondary purpose is to determine how the USAID Money Management Course influences how sellers used funds from the sale of their apartments.

The findings of this study help to demonstrate that monies from the sale of homes in the HPC Program are being re-circulated into the Gyumri economy. This study also indicates that the USAID Money Management Course has promoted business investment and confidence in the Armenian banking system. About 76 percent of the total amount from the proceeds of the sale of homes in the HPC Program already has been spent by the respondents in the sample used for this study.

One-third of the 36 sellers interviewed for this study have invested in a business, which increases to 53 percent of the respondents, and 31 percent of the total proceeds from sales, when future plans are added to the monies already spent. Almost all of the business investments have been made in Gyumri and two other cities in the Shirak Marz. All of the investments have been made in small shops and these 12 new places of business are employing a total of 26 employees.

Another one-third of the sellers have used the funds to pay debts, and it can be assumed that these monies also went into circulation into the area's economy. Nearly 20 percent of the respondents have purchased another home and, overall, about 30 percent of the sellers in this study plan to use all or part of the proceeds of the sale of their homes to purchase a new home.

Respondents were satisfied with the USAID Money Management Course, with half stating that they were very satisfied. About half of the respondents said that the course influenced their management of the money they received from the sale of their homes in the HPC Program. Several respondents reported that they would not have invested money in business if they had not taken the course.



## **SURVEY OF HOUSING PURCHASE CERTIFICATE PROGRAM SELLERS PARTICIPATING IN THE USAID MONEY MANAGEMENT COURSE**

### **BACKGROUND**

Sponsored by USAID, the Urban Institute is providing technical assistance to the Government of the Republic of Armenia and to donors in order to implement the Earthquake Zone Recovery Program (EQZRP). One of the many important objectives of the EQZRP is to stimulate and mobilize capital acquired by apartment sellers who participated in the Housing Purchase Certificate (HPC) Program, which uses vouchers as a cost-effective means to shelter populations displaced by the 1988 earthquake. As a newer component of the EQZRP, the Urban Institute has contracted with the Shirak Development Center to coordinate the provision of money management courses aimed primarily at the sellers of homes in the HPC Program. The weekly training course is conducted by Big Brossel, a Gyumri-based non-governmental organization.

The primary purpose of this survey is to determine how HPC funds resulting from sales of apartments are being re-circulated into the Gyumri economy. A secondary purpose is to determine how the USAID Money Management Course influences how sellers used funds from the sale of their apartments.

The Turpanjian Center for Policy Analysis at the American University of Armenia prepared a questionnaire to determine how proceeds from the sale of apartments have been used to date, future plans for proceeds not yet used, and how the course helped in deciding how to use the proceeds from the sale. A list of sellers who participated in the Money Management Course was provided by the organizers of the course. The sample is not representative of all sellers in the HPC Program.<sup>1</sup> Of the 50 course participants with valid telephone numbers, 36 telephone interviews were conducted.<sup>2</sup> Interviews were conducted during three weeks in May and June 2004. All data were entered in SPSS for analysis.

### **FINDINGS**

This section is divided into two parts. The first section provides the findings on how sellers have used HPC funds resulting from the sale of apartments. The second section focuses on the findings on the USAID Money Management Course.

---

<sup>1</sup> Because the sample is made-up of people who participated in the USAID Money Management Course, it is likely that the respondents in this study are more likely to invest in business than other sellers.

<sup>2</sup> The sample of 50 sellers were contacted on multiple occasions over the three week period in an effort to interview as many sellers as possible within the timeframe of the study. Nine sellers could not be reached, three are now living outside Armenia, and two were refusals.

### ***The Re-Circulation of HPC Funding Into the Gyumri Economy***

The mean sale price of homes sold in the HPC Program in this sample of sellers is US \$3,900 with a mode of US \$3,000, a median of US \$4,000, and a range of US \$500 to US \$7,000 (See Table 1).<sup>3</sup> All but one of the respondents is living in Gyumri or other cities in the Shirak Marz (See Table 10).

The total amount from the proceeds of the sales of homes in the HPC Program for this sample of sellers is US \$140,430. About 76 percent (US \$106,000) of the total proceeds have been spent already (See Table 3).

One-third of the sellers interviewed for this study have invested in a business, and 27 percent of the proceeds of the sales of homes have been invested in a business (See Tables 2 and 3). The percentage increases to 53 percent of the respondents, and 31 percent of the proceeds from sales, when future plans are added to the monies already spent. The amount of money invested in business ranges from US \$500 to US \$5,000 and totals US \$28,500 with another US \$15,000 planned for future investment (see Tables 3 and 4). Almost all of the business investment has been made in Gyumri and two other cities in the Shirak Marz (See Table 5). All but one of the investments has been made in small shops (See Table 6). These 12 new places of business are employing a total of 26 employees (See Table 6a) and, therefore, an average of .72 workplaces resulted from each of the 36 transactions.

Another one-third of the sellers, and 33 percent of the proceeds from the sale of homes, have used the funds to pay debts and it can be assumed that these monies also went into circulation into the area's economy. The total amount used for debt reduction is US \$35,100 with no respondents saying that they plan to close more debts in the future with remaining funds (See Tables 3 and 7). All debts were repaid to entities in Gyumri.

Nearly 20 percent of the respondents have purchased another home (See Table 2). The amount of money from the sales used to purchase a new home ranged from US \$3,000 to US \$6,500 (See Table 8) with most of the purchases having been made in Gyumri (see Table 8a). The total amount of funds already used to purchase a home is US \$25,250 with another \$16,000 planned for future purchase (See Table 3). Overall, about 30 percent of the sellers in this study plan to use all or part of the proceeds of the sale of their homes to purchase a new home (See Table 3).

About 5 percent (US\$5,200) of the total proceeds from the sales of homes in this sample were used for education expenses and another 5 percent (US \$5,000) was used to renovate a home (See Table 3). Other uses of the money included covering of household expenses (four respondents spent a total of US \$1,380) and the purchase of land (one respondent spent US \$3,000).

Five (28 percent) of the 18 respondents who used all or part of the proceeds from the sale of their homes to invest in a business or a new home reported that they had taken a loan to augment their investments (See Table 9).

---

<sup>3</sup> The maximum amount of the HPC to date is US\$5,796. Buyers were permitted to add to the HPC amount.



### ***Money Management Course***

All but one of the 36 respondents reported that they were generally satisfied with the Money Management Course, with half stating that they were very satisfied (See Table 11). About half of the respondents said that the course influenced their management of the money they received from the sale of their homes in the HPC Program (See Table 12). Appendix B provides a list of the answers when respondents were asked for information on how the course was influential. Several respondents reported that they would not have invested money in business if they had not taken the course.

The most useful aspects of the course cited by the respondents were basic knowledge on how to start a business, how to make wise investments, and information about the banking system in Armenia and why it can be trusted (See Appendix A).

## Tables

Table 1: Sale price of home		
US Dollar	Frequency	Percent
500	1	2.8
1,300	1	2.8
2,000	1	2.8
2,500	1	2.8
3,000	5	13.9
3,200	2	5.6
3,300	1	2.8
3,400	1	2.8
3,500	3	8.3
3,550	1	2.8
4,000	4	11.1
4,200	2	5.6
4,280	1	2.8
4,300	2	5.6
4,500	3	8.3
5,000	2	5.6
5,200	1	2.8
6,000	1	2.8
6,500	2	5.6
7,000	1	2.8
<b>Total</b>	<b>36</b>	<b>100.0</b>

Mean= 3,900.83, Median= 4,000.00, Mode= 3,000, Sum=140,430





**Table 2: Uses of proceeds of sale of home**

<i>Multiple responses permitted</i>						
	Spent		Plan to spend		Total	
	Frequency	Percent of respondents	Frequency	Percent of respondents	Frequency	Percent of respondents
Invest in business	12	33.3	7	19.4	19	52.8
Paid department	12	33.3	0	0.0	12	33.3
Bought another home	7	19.4	3	8.3	10	27.8
Renovation of home	5	13.9	1	2.8	6	16.7
Household expenses	4	11.1	2	5.6	6	16.7
Education	3	8.3	0	0.0	3	8.3
Invested in land purchase	1	2.8	0	0.0	1	2.8
Other	3	8.3	1	2.8	4	11.1

**Table 3: Amount of money spent and planned to be spent**

<i>Multiple responses permitted; amounts in US Dollar</i>						
	Spent		Plan to spend		Total	
	Frequency	Percent	Frequency	Percent	Frequency	Percent
Invest in business	28,500	26.8	15,000	44.1	43,500	31.0
Paid debt	35,100	33.0	0	0	35,100	25.0
Purchase home	25,250	23.7	16,000	47.1	41,250	29.4
Renovation of home	5,000	4.7	1,000	2.9	6,000	4.3
Household expenses	1,380	1.3	1,000	2.9	2,380	1.7
Education	5,200	4.9	0	0	5,200	3.7
Invested in land purchase	3,000	2.8	0	0	3,000	2.1
Other	3,000	2.8	1,000	2.9	4,000	2.8
<b>Total</b>	<b>106,430</b>	<b>100</b>	<b>34,000</b>	<b>100</b>	<b>140,430</b>	<b>100.0</b>

**Table 4: Amount of money spent for business investment**

US Dollar	Frequency	Percent
500	1	8.3
1,000	1	8.3
1,300	1	8.3
1,500	1	8.3
2,000	2	16.7
2,200	1	8.3
3,000	2	16.7
3,500	2	16.7
5,000	1	8.3
<b>Total</b>	<b>12</b>	<b>100.0</b>

Mean=2,375.00, Median=2,100.00, Mode=2,000<sup>a</sup>, Sum=28,500

A Multiple modes exist. The smallest value is shown

Table 5: Location of Business

	Frequency	Percent
Gyumri	9	75.0
Amasia	1	8.3
Maralik	1	8.3
Yerevan	1	8.3
<b>Total</b>	<b>12</b>	<b>100.0</b>

Table 6: Type of Business

	Frequency	Percent
Small food shop	6	50.0
Place in the market	2	16.7
Flower shop	1	8.3
Small jewelry shop	1	8.3
Small stationary shop	1	8.3
Beauty salon	1	8.3
<b>Total</b>	<b>12</b>	<b>100.0</b>

Table 6a: Number of employees

	Frequency	Percent
1	4	33.3
2	4	33.3
3	3	25.0
5	1	8.3
<b>Total</b>	<b>12</b>	<b>100.0</b>

Mean= 2.17, Median= 2.00, Mode=1<sup>a</sup>

<sup>a</sup> Multiple modes exist. The smallest value is shown.

Table 7: Amount of money used for debt reduction

US Dollar	Frequency	Percent
1,000	1	8.3
1,300	1	8.3
1,500	1	8.3
2,000	1	8.3
2,200	1	8.3
3,000	2	16.7
3,500	1	8.3
3,900	1	8.3
4,000	1	8.3
4,500	1	8.3
5,200	1	8.3
<b>Total</b>	<b>12</b>	<b>100.0</b>



**Table 8: Amount of money used to purchase another home**

US Dollar	Frequency	Percent
3,000	4	57.1
3,200	1	14.3
3,550	1	14.3
6,500	1	14.3
<b>Total</b>	<b>7</b>	<b>100.0</b>

Mean=3,607.14, Median=3,000.00, Mode=3000, Sum=25,250

**Table 8a: Location of newly purchased home**

	Frequency	Percent
Gyumri	5	71.4
Russia	1	14.3
Yerevan	1	14.3
<b>Total</b>	<b>7</b>	<b>100.0</b>

**Table 9: Borrowed Money for Business Investment or Purchase of New Home**

	Frequency	Percent
Yes	5	27.8
No	13	72.2
<b>Total</b>	<b>18</b>	<b>100.0</b>

**Table 10: Current Residence Location**

	Frequency	Percent
Gyumri	33	91.7
Amasia	1	2.8
Maralik	1	2.8
Yerevan	1	2.8
<b>Total</b>	<b>36</b>	<b>100.0</b>

**Table 11: Level of Satisfaction with Money Management Course**

	Frequency	Percent	Valid Percent	Cumulative Percent
Very satisfied	17	47.2	50.0	50.0
Somewhat satisfied	16	44.4	47.1	97.1
Very unsatisfied	1	2.8	2.9	100.0
Don't know/Can't say	2	5.6	100.0	
<b>Total</b>	<b>36</b>	<b>100.0</b>		

Mean=1.56, Median=1.50



Table 12: Level of Influence of the Money Management Course on Management of the Proceeds from the Sale of Homes

	Frequency	Percent	Valid Percent	Cumulative Percent
Very influential	11	30.6	30.6	30.6
Somewhat influential	8	22.2	22.2	52.8
Not influential	17	47.2	47.2	100.0
<b>Total</b>	<b>36</b>	<b>100.0</b>	<b>100.0</b>	

**APPENDIX A:**  
**MOST USEFUL ASPECT OF THE MONEY MANAGEMENT COURSE**

*Respondents who found the course useful:*

1	After that course I have an idea of how to start a business since I was given a lot of advice about business opportunities
2	I learned how to invest money in business, how to start one. It was a very interesting course and very useful.
3	I learned how to invest money in business, how to write business plans. They gave a lot of advice on how to run a business
4	I learned how to invest money in business, how to put it into circulation. The course was very interesting and understandable.
5	It allowed me to combine my practical skills from previous experience with detailed theory about the nature of business.
6	It gave basic knowledge of small business principles, how to implement it in practice.
7	It was helpful in theory but in practice the scarcity of money does not allow us to undertake businesses.
8	Knowledge about current business opportunities was the most useful part of the course.
9	Knowledge about new ways of running businesses in Gyumri was very useful for me.
10	We learned how to start a business and not lose money.
11	The course was useful since now I know what type of business I should run.
12	The most useful part was the provision of information about business possibilities in Gyumri.
13	The most useful were the explanations on how to succeed in a business, what ways lead to success.
14	Theory of how to establish and run a business was given in details, even internet moneymaking for interested people.
15	General topic on money management was useful, but I cannot specify the details.
16	How to manage money in the right and useful way.
17	It helped me to know well how to manage my money in practice. It was a very useful course and there must be more courses like it in Gyumri for other people.
18	It was a very intensive and detailed course of money management, which allowed understanding how to apply this knowledge in practice.
19	I learned how to use my remaining amount of money in order not to lose it. I learned how to invest it in a business and also learned about the banking system, how to take loans.
20	I learned how to invest money and make a profit from it, how not to lose it.
21	I learned how to use money in order to earn a profit from it.
22	I understand how to use money and not to lose it.
23	Knowledge about different ways on how to multiply cash available was very useful.
24	Showed us practical use of money and how to put it into business.
25	Showed us that the best way to gain profit is to put money into a business.
26	The most useful part was the knowledge about banks, and, as a result, now I have more trust in the banks.
27	The most useful part was the provision of knowledge about the banking system, especially about bank shares; now I have a good idea about them.
28	The most useful were the discussions among the participants during the course, especially about the banking system.
29	The most useful were the explanations on how to increase money through banks in Armenia; in general, knowledge about the banks was very useful.
30	Practical side of the course was very useful: consultations, provision of useful addresses, and visits to plants where we met with their directors who spoke about their own experiences.
31	The most useful part was the practical part of that course, i.e., assignments and interviews.

*Respondents who did not find the course useful:*

1	Nothing useful since I did not get any new information or knowledge.
2	There was nothing useful since I bought an apartment and didn't invest it into business.
3	Cannot provide any information because participated only one day, realized that this workshop is useful for people who have money - all my money was used to pay a debt long before the workshop.
4	I attended the course only once and don't remember anything from it.
5	I cannot remember exactly, it was a long time ago, I don't remember.

## APPENDIX B: HOW THE MONEY MANAGEMENT COURSE WAS INFLUENTIAL

After the training I learn how to save money and invest it into a business. I think that without this course I could hardly open the shop and would lose money.

At the time when I received money, I was thinking about only buying a new home in a village near Yerevan with the intention to sell it later, but after taking the course I decided also to invest a part of the money in a business; so now I plan to do both.

Before the course I didn't know how to start a business, how to open a shop. Now I know and I am going to do that in the nearest future.

Before the course I didn't think to open a shop and have a business but now after training I have decided to do that.

Before the training I was afraid to invest money in a business, after I took a risk and now I run a shop.

During the discussions and suggestions of the course I understood that the money received could be invested in a business without fear.

During this course we were told about new activities that might be introduced in Gyumri; for example, during the course I was advised to run a business freezing fruits, which is a new activity in Gyumri, and I plan to start such a business.

I was able to open a shop. I wanted to take a loan from the bank in order to buy a house but they refused to do that.

It was needed to know how to manage my money in future although I needed a new house.

Showed us the way we could invest our money, trust banks and keep money in the banks -- that's where my money is now because of the advice of the course.

The course explains how to establish a business, how to start it and run it.

The course was a stimulus for me to invest in a business without fear—before I had no such intention and I was afraid to start a business; then during the course I got the knowledge about on-line sales possibilities that I plan to use in the future.

The course was influential in helping to make the first step in running a business and taking the risk.

The course was influential since I really got a lot of knowledge of how to start a business, however, currently for me running a business is, although desirable, but not possible since I have to buy a new apartment.

The course was very influential since it helped me think about investing the money received from the sale of the house in a business.

The organizers explained in detail how business works, that it is not wise to cover all the debt in whole but partly, better to invest some money into business and then cover the rest of the debt.

They allowed me to get oriented on how to organize my first steps, and now that I have a business, I am able to orient myself because I know better what to do and how to do it.

The course has made me somewhat confident of running a business in Armenia.

We got a lot of practical advice and employed our money in practice.